



INTERNAL AUDIT PERFORMANCE AUDIT POLICE PROPERTY ROOM

June 20, 2005

Roanoke City Council Audit Committee
Roanoke, Virginia

We have completed our audit of the police property room. Our audit was performed in accordance with generally accepted government auditing standards.

BACKGROUND

In the course of their work, police officers and detectives take various properties into custody. Property confiscated by the Police department is classified into one of three categories:

1. Found property – these are items that come into the possession of the officers in the course of their work, but which is not evidence. The owner of the property is unknown.
2. Inventoried property – these are items that are not evidence; the owner is known to the police and the property is held for safekeeping until the owner can claim it.
3. Evidence – these items have been involved in the commission of a crime and are held until the criminal cases reach final disposition.

The type of property confiscated ranges in size and composition. The main property room where most property is stored is located in the new Police department building on Campbell Avenue. The department maintains a storage shed on Campbell Avenue for gas powered equipment, fireworks, and ammunition. Vehicles and larger equipment are stored at an impound lot on Underhill Avenue. Bikes are stored inside trailers at the Public Works building on Courtland Road.

The main property room is staffed by the Property Room Clerk and the Drug Evidence Officer. The staff works a daytime schedule Monday through Friday. Access to the property room is restricted using a computer-based security system [Millennium] that controls all door access in the building. The area within the property room has three sections:

- The Property Room Clerk's desk and file section contains all of her files and records, the refrigerator in which biological evidence is stored, and the locked drop boxes in which cash and drugs can be dropped by officers when the property room is not staffed. Officers must be escorted by a customer service employee or records supervisor who has Millennium clearance to enter this area.

- The caged section behind the Property Room Clerk is where property that has been processed is stored on shelves, in lockers, or in the safe. The caged section is secured by a heavy chain link fence with a gate that is padlocked.
- The drug storage section is actually two rooms with masonry walls and Millennium controlled doors. The Drug Evidence Officer's desk and files are in this section, as well as all drugs that have been processed.

The property room has three security cameras that run continuously and are recorded by tape decks in the Accreditation Coordinator's office. Approximately six weeks of historical video footage is maintained at any given time.

Property is inventoried and tracked using the Smeadlink property system. The system includes bar coding technology that allows the property to be tagged and tracked using bar coded labels and a handheld scanner. The system is designed to allow the officer to create the original property record in the system. The officer logs into the Smeadlink system using a computer terminal located in a room that adjoins the property room. The officer enters the case number, suspect's name, a description of the property, and other related information into the system. The system prints a bar code label which the officer affixes to the bag holding the property. The officer then submits the property to the property room staff either directly or through secured lockers and drop boxes. The property room staff processes the property by verifying the accuracy of the information entered by the officer and assigning the property to a storage location, which they enter into the system. The system prints an evidence card that is used as the printed record of the property and the chain of custody. Each time property is released to someone, that person must sign and date the evidence card. The property staff also enters the release into the Smeadlink system.

Cash and valuables that come into the property room are kept in a locked safe. Once the cash has been processed for its evidentiary value, it is deposited with the City Treasurer's Office into the "Police Forfeiture" account. This account had a balance of approximately \$222,000 on June 30, 2004.

Drugs and drug paraphernalia submitted to the property room are processed by the Drug Evidence Officer. The Drug Evidence Officer verifies the weight and count of drugs as entered by the arresting officer. The drugs and paraphernalia are stored in the drug storage room.

All property eventually is disposed of in accordance with instructions from the arresting officer and the courts. Cash and valuables are either returned to the owner, remitted to the federal authorities, or escheated to the State of Virginia as unclaimed property. Drugs are normally destroyed by order of the courts. Guns and other weapons are generally melted down. Biological evidence is disposed of using a hazardous waste disposal service. Other property is either disposed of in the landfill or sold at auction by the Police department. Money from the sale of property is escheated to the state, after deducting expenses.

SCOPE

Our audit focused on procedures in place as of June 30, 2004, and transactions occurring from January 1, 2004, through January 31, 2005.

OBJECTIVES

The purpose of this audit was to evaluate the design and operation of the system of internal controls in the police property room that ensure drugs and other tangible property are managed in accordance with state law and department directives. Our evaluation included the police property room, the long-term storage room, the storage shed on Campbell Avenue, the impound lot on Underhill Avenue, and the bike storage trailers at Public Works.

METHODOLOGY

We developed our understanding of property room functions by reviewing the Police department's business plan, budget, operational directives, and systems manuals. We observed and interviewed property room staff to document their processes. We reviewed the design and operation of the door security system and security camera system to the extent necessary to evaluate access security. We performed a detailed review of the property management system [Smeadlink] and the property data in the system in order to determine the reliability of the system and validity of the data. We reviewed required background checks on property room staff and evaluated the effectiveness of the drug testing program. We traced several samples of property into the records and from the records to storage. We reviewed the files for required documents to support the chain of custody of property and final disposition. We reviewed the required monthly reconciliations of confiscated cash and verified the accuracy of the cash balance. We verified that routine inspections of the property room were performed as required by department directives.

RESULTS

On the basis of our review, we noted that the current property room facility is a significant improvement over the former property room that was located in the Third Street Police Annex Building. The new facility provides substantially more space and uses tracked shelving to maximize the utility of available space. The building uses a computer-based system to control all door access and the system is capable of providing a history of the employees who used a specific door. Security cameras provide continuous monitoring of activity in most areas in the property room, with taped footage typically on file for six weeks. Operational directives designed to meet accreditation standards provide excellent policy structure in many areas related to the property room. The directives are in written form and widely communicated to Police department personnel.

Finding 01 – Random Drug Testing

City Personnel Operating Procedure [POP] #27, which was previously POP #36, "Drug and Alcohol Free workplace," requires safety sensitive employees to submit to random drug and alcohol testing. The testing program includes employees from the Fire, Police, and Sheriff departments as well as some safety sensitive public works jobs such as equipment operators. The 5% sample is not weighted to ensure higher risk positions such as Vice Detectives or Drug Evidence Officers have a higher probability of being selected. Upon reviewing the historical record of drug tests administered to the Drug Evidence Officer, we noted that she had only been subjected to one random drug test in 20 years of service. That test was administered in April 2003. The deterrent value of the random drug testing program is reduced when testing is historically very infrequent.

Given the access that Drug Evidence Officers must have to drug storage in order to perform their job, regular drug testing is one of the primary controls to ensure drug inventories are safeguarded.

Action Plan 01 – Random Drug Testing

The Property Room is a much more closely controlled environment than can be created on the street where officers and detectives are making arrests. The risk that drugs confiscated during the course of police work could be misdirected is actually greater outside of the property room. We believe that it would be prudent to evaluate how the random testing program could be enhanced on a department-wide basis. The Police department will work with the Human Resources department to evaluate having a specific testing program for all Police officers that increases their probability of being tested.

Management Comments 01 – Random Drug Testing

The Drug Evidence Officer is presently subject to the same testing requirements as all other officers. She was selected through random draw for testing in February 2005 outside of this review period. Management agrees to evaluate the testing program with Human Resources to ensure the integrity of the Drug Property Room.

Finding 02 – Property Room Access

Restricting access to evidence and other valuable property is one of the most basic and most effective controls to ensure the integrity of evidence and to safeguard property. The Police department has established policy through its operational directives that specifically restricts access to the property room to only those individuals whose primary job duties require them to work with property or the staff in the property room. Access to the property storage room is restricted to the following:

- Property Room Clerk
- Drug Evidence Officer
- ID Unit Sergeant
- Services Division Lieutenant
- Services Division Major
- Personnel designated by the Division Major for assignment on a temporary basis

Access to the drug storage room is restricted to:

- Drug Evidence Officer
- A designated Vice Detective as needed in the absence of the Drug Evidence Officer
- ID Unit Sergeant
- Services Division Lieutenant
- Services Division Major
- Personnel designated by the Division Major for assignment to assist Drug Evidence Officer

The primary means of administering the access policy is through the Millennium system. This computer-based system controls door access throughout the police building. Employees are given proximity devices that can be read by panels at each door. If the person assigned the device has clearance, the system unlocks the door. The doors to the Drug Evidence Officer's office and the drug storage room have numeric keypads in addition to the proximity readers which require a personal identification number [PIN] to be entered as additional insurance that the person using the proximity device is the authorized person. We reviewed the Millennium system access profiles to identify those profiles that included access to the doors to the property room storage area, the Drug Evidence Officer's office, or the drug storage room. Then we identified all personnel that were set up in the system with those profiles. We noted the following:

- The "Master" access profile allows the user to enter any door in the building, including the Drug Evidence Officer's office and the drug storage room. This level of access has been given to the Chief of Police and the Records Supervisor.
- The "Property / Drug Room Master" access profile allows the user to access the property room storage area, the Drug Evidence Officer's office and the drug storage room. Three employees had this profile: Drug Evidence Officer, a Sergeant, and a Detective.
- The "Vice" access profile provides access to the property room storage area, the Drug Evidence Officer's office and the drug storage room. Two Detectives had this profile.
- The "Vice Sgt & Lt" access profile provides access to the property room storage area, Drug Evidence Officer's office and drug storage room. One Detective had this profile.
- The "Records" access profile provides access to the property room storage area. The property room storage area includes the Property Room Clerk's desk, computer and files; the refrigerator holding biological evidence; and the drop boxes for drugs and cash. The caged area where property is stored in the property room is gated and padlocked. Drop boxes for cash and drugs are also padlocked. The Drug Evidence Officer's office and the drug storage room are secured by separate doors. The "Records" profile was given to 36 employees, including a Sergeant, the

Accreditation Coordinator, the Fleet Coordinator, the Automation Coordinator, the Crime Analyst, at least two Police Officer IIs, a Lieutenant, an Executive Secretary who assists the Automation Coordinator, and all Customer Service Assistants.

- Two generic users were set up in the Millennium system and given the "Records" profile ['records, extra' and 'temps, temp']. The proximity keys for these users were given to temporary employees serving as Customer Service Assistants.

Based on this analysis, the Drug Evidence Officer's office and drug storage room are accessible to as many as eight people. As many as 47 people have access to the property room storage area.

The risk that files and biological/drug evidence could be tampered with or removed increases as greater numbers of people are given access to these secure areas. It removes one layer of security designed to provide assurance that the integrity of the chain of custody is maintained and can be relied upon by the courts. It exposes all of the people who have access to suspicion if a problem is detected within the property storage or drug storage areas.

The operational directives clearly establish who is authorized to be in the property room in the course of conducting their work. It does not address the issue of who should have key access to the property room. There are no procedures in place that assign responsibility for administering the Millennium system or that provide the details of how to administer the system.

Action Plan 02 – Property Room Access

The access provided to each employee group will be documented as well as the rationale for providing such access. A process will be designed to ensure that access granted to an employee beyond what is normal for his or her position will be specifically authorized by command staff. This process will include a form that documents the purpose for granting the expanded access and a date for either revoking the expanded access or reauthorizing it.

Three people who do not have duties related to the property room have been assigned as system administrators for the Millennium system [two Automation Coordinators and the Records Supervisor]. All have undergone training on the system. A new procedure has been implemented to require the Services Secretary notify the Automation Coordinators when employees are hired or leave the department. The Automation Coordinators will set up and delete employees on the Millennium system as required.

The Police department has reviewed user groups in the Millennium system and has reconfigured access to reduce the number of employees with access to the property room storage and drug evidence storage areas. Those employees whose access needs are incidental to the property room, such as the Fleet Coordinator and the Automation Coordinator, no longer have access to the property room. They will perform their work in the property room when the Property Room Clerk or Drug Evidence Officer is available to allow them in the room. The two generic users for temporary employees were deleted

from the system. The Millennium system will undergo additional review once the addition to the Police department building is completed in the fall of 2005.

Finding 03 – Smeadlink Administration

Control Objectives for Information and Related Technologies, 2nd edition, states that, “Senior management should implement a division of roles and responsibilities which should exclude the possibility for a single individual to subvert a critical process. Management should also make sure that personnel are performing only those duties stipulated for their respective jobs and positions. In particular, a segregation of duties should be maintained between the following functions:

- Information systems use
- Data entry
- Computer operation
- Network management
- System administration
- System development and maintenance...”

We reviewed the access granted to users set up in the Smeadlink system in order to identify access that was incompatible with the person’s job duties. Our review identified the following persons who had “administrative rights” on the system:

- An Officer from the Mounted Patrol
- The Drug Evidence Officer
- The Supervising Sergeant over the Property Room
- The Property Room Clerk
- There was also a generic user account named “Manager” which had administrative rights that the Automation Coordinator used to service the system.

A person with administrative rights has the capability to add and delete users, as well as the capability to modify the records and data. This capability is incompatible with the duties assigned to the property room staff. This exposes the Police department to additional risk that the integrity of the record of custody could be questioned.

The use of generic accounts such as “Manager” eliminates the personal responsibility associated with a personal user account and makes it more difficult to identify a person who may use the account maliciously or to personal advantage.

Action Plan 03 – Smeadlink Administration

The Police department has changed access rights in the Smeadlink system to limit user set-up capabilities to the Automation Coordinators. Due to issues with Smeadlink functionality and support, the Police department is now working with Southern Software to develop a property room inventory system that utilizes bar coding and integrates into the Police Pak records management system. The Police Pak records management system is a Southern Software product and is used by the Police department for incident based

reporting. The department has been highly satisfied with the performance of Police Pak and Southern Software. The Southern Software inventory system will be developed throughout the summer. Once the system is completed, all property room staff and officers will be provided training. User manuals for both staff and officers will be provided by the vendor.

Finding 04 – Evidence Disposition Receipts

The chain of custody is an important concept in the handling of property to be used as evidence in a criminal case. The chain of custody is a written record detailing the persons who possessed the property from the point of confiscation by the arresting officer to the point of court prosecution and final disposition of the property. The police department documents the chain of custody on an evidence card and on the Smeadlink system. Each time property is taken out of the property room or placed back into the room, the person, date and purpose are recorded in the system and on the evidence card. The evidence disposition receipt is a form used to document the transfer of the property to the Courts and to document the arresting officer's instructions for final disposition of property. This form is supposed to be attached to the evidence card and kept as part of the record of custody.

The Evidence Disposition Receipt includes the following statements on the body of the form:

- "Any department personnel taking property/ drug evidence to court is required to return that evidence to the property/drug room as soon as court has adjourned."
- "In the event that an item is admitted into evidence, the Clerk of Court or other court officer must sign the receipt.... This form must be returned to the property/drug room immediately after court is adjourned."

In our review of the processes for releasing property, we noted that the Police department's operational directives did not include any reference to the evidence disposition receipt. We also noted that there were no internal written procedures that described the process for transferring property to the Courts and the proper use of the evidence disposition receipt.

In order to test the department's utilization of the evidence disposition report, we searched the Smeadlink system for evidence listed as having been transferred to the courts. We reviewed the evidence cards for a sample of this property and found that most did not have an evidence disposition receipt attached. This causes the record of custody to be incomplete and creates a situation in which the property room staff has no assurance that the evidence was properly transferred to the courts.

Action Plan 04 – Evidence Disposition Receipt

The Police department will create a "Retained by Courts" form that will be given to officers who request evidence for court appearances. The form will be signed by a

representative of the Clerk of the Court or Commonwealth Attorney's office when property is retained by the Court. The officers will return the form to the property room for filing.

When releasing property to be taken to court, the Property Room Clerk will require the officer to sign the evidence card and then file the card in a box marked "Court". The Property Room Clerk will check this box daily and contact officers who have not returned the property or the Retained by Court form.

Finding 05 – Documented Processes

Internal procedures for the property room are not documented. The routine daily, weekly and monthly processes of the Property Room Clerk are not documented. This includes, among others, preparing collection reports, preparing payment vouchers, reconciling the cash account, preparing property for auction, preparing unclaimed property filings. There is no documentation that addresses security related issues, such as how the exterior door is to be used and precautions to follow when it is open. There is also no documentation addressing how the Property Room Clerk processes property using the Smeadlink system, uses the system to identify property due for destruction or auction, etcetera.

Insufficient documentation increases the risk that property will not be processed and safeguarded properly or as intended by management. There is an increased risk that staff will be less efficient when performing non-routine functions that would require relearning and experimentation each time the function is performed, as opposed to having a reference that specifies exactly what needs to be done and in what order. There is increased risk to operational effectiveness associated with turnover in personnel.

Action Plan 05 – Documented Processes

The State & Local Government: Program Control and Audit Handbook, states that internal control systems should be clearly documented and readily available. Documentation is essential for an internal control system to be successful. In particular, documentation ensures that transactions and other events are authorized by the appropriate persons and are executed only by authorized personnel who do not have conflicting responsibilities. Good documentation ensures all employees have clear direction regarding managerial expectations.

The Police department has begun updating all Services Division standard operating procedures. The updates will include adding procedures for preparing collection reports and payment vouchers, reconciling cash accounts, preparing property for auction and escheatment to the state. User instructions for the Smeadlink system will be documented in a separate document.

There were other, less substantial issues that we noted over the course of the audit. We shared these issues with management in our closing conference and in a separate management letter.

CONCLUSIONS:

Based on the results of our audit work, we conclude that the design and operation of the system of internal controls in the police property room should be strengthened in order to more satisfactorily ensure that drugs and other tangible property are managed in accordance with state law and department directives.

We would like to thank all of the employees and officers we worked with over the course of the audit. Their willingness to help our staff understand all aspects of the property room operation, building security, and personnel processes was greatly appreciated.

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